

Minuteman Nashoba Health Group

Board Meeting

Tuesday, February 3, 2015 at 10:00 AM

Groton Center Fire Station
Groton, MA

Meeting Minutes

Board and Alternate Members Present:

Donna Madden, Chair	Town of Bolton
Patrick McIntyre, Vice Chair	Town of Boxborough
Anthony Logalbo, Treasurer	Town of Concord
Debbie Nutter	Town of Pepperell
Kerry Colburn-Dion	Town of Tyngsborough
Lorraine Leonard	Town of Harvard
Melisa Doig	Town of Groton
Michael Hartnett	Town of Groton
John Flaherty	Concord-Carlisle RSD
Kevin Johnston	Town of Ayer
Bev Beno	CASE

Guests Present:

Marcy Morrison	MNHG Wellness Consultant
Marge Merrill	North Middlesex RSD
Jason Fortin	Fallon Health
Patrick Flattery	Fallon Health
Erin Hayes	Tufts Health Plan
Fred Winer	Tufts Senior Plans
Bill Hickey	Harvard Pilgrim Health Care
Carol Cormier	Group Benefits Strategies
Karen Carpenter	Group Benefits Strategies

Donna Madden, Chair, called the meeting to order at 10:04 AM.

Approval of the minutes of December 11, 2014:

Lorraine Leonard moved approval of the Board minutes of December 11, 2014.

Motion

Patrick McIntyre seconded the motion. The motion passed by unanimous vote.

Treasurer's Report:

Donna Madden said that the Steering Committee approved a \$10,000 stipend to the Town of Concord for Treasurer's services.

Treasurer Tony Logalbo said he received the draft of the FY14 audited financial statements. He said that the delay was the result of additional requests not previously required. He said that there will be an exit interview with the auditor and asked who was interested in attending. Donna Madden, Lorraine Leonard, Kerry Colburn-Dion, and Carol Cormier said they would like to attend. Mr. Logalbo said he would set up the meeting.

Mr. Logalbo reviewed the Balance Sheet of December 31, 2014 (unaudited figures). He reported a fund balance of \$9,749,035 which is over the target by \$4.8 million.

Group Benefits Strategies Reports:

Funding Rate Analysis - Carol Cormier reviewed the Funding Rate Analysis (FRA) with data through December 2014. She said that on a composite basis the expense-to-funding ratio was 100.5% which was down from the October results. She said that the funding shortfall was \$94.4K. She said that the Harvard Pilgrim EPO was significantly underfunded. She said that MNHG no longer receives revenue from the Retiree Drug Subsidy (RDS) program. She said since FY12 all the senior plans offered by MNHG incorporate Medicare Part D and therefore are not RDS-eligible.

Level Monthly Deposit (LMD) reconciliation report – Carol Cormier said that MNHG had a \$310,653 credit balance with Harvard Pilgrim as of November 30, 2015.

Stop Loss Reports – Karen Carpenter said that as of December 31, 2014 there were no excess claimants on the reinsurance policy covering July 1, 2014 through June 30, 2015. She said this is the policy through the Mass. Municipal Reinsurance Arrangement (MMRA) and Berkley Insurance. She said that there were two claimants on the 50% report with total claims of \$400,107.

Karen Carpenter said that for the report for the 6-month policy period covering January 1, 2014 – June 30, 2014. She reported one claimant exceeding the specific deductible of \$275,000 with total claims of \$465K. She said the excess claim amount was \$189.6K. She said the \$450K Aggregating Specific Deductible has not been met, and there are no reimbursements due. She said there were four claimants with claims between 50% and 100% of the policy deductible with total claims of \$1.02 million.

Tony Logalbo asked if it was a good or bad thing that the MNHG is no longer eligible for the Retiree Drug Subsidy (RDS).

Carol Cormier said that having the prescription drugs covered through Medicare Part D plans provides greater savings than having the MNHG cover the drugs and then receive subsidies from the federal government. She said most of her clients have moved or are

moving to eliminate the RDS and incorporate Medicare Part D into their senior plans. She noted that savings from the lower drug costs of the Part D program are shared with the retirees.

Affordable Care Act (ACA) issues: Carol Cormier spoke about the ACA's required employer reporting. She said she hoped that the towns and districts are preparing for the 2015 reporting due in early 2016. She said that GBS will not be able to do the reporting for employers but said that many payroll companies can assist with this. She said the report for 2015 will be due March 2, 2016. Ms. Cormier said that GBS can provide the member invoice data in Excel but that GBS would have to charge for the reports since at this time it is a manual process. She said the area of reporting that is difficult is the reporting for the variable hour employees.

Kevin Johnson said that he built a template to download from payroll and offered to share it with other employers in the Group.

There was a discussion about having a workshop for the employers.

Donna Madden said that this warrants further discussion.

Abacus Group Report -Linda Loiselle, Director of Operations & Client Services:

Linda Loiselle reviewed the year-end My Medication Advisor financial report. She said the actual total net savings were \$225,128 compared to projected savings of \$128,630. She said the employees saved \$40,205 in waived copays. She said that Lipitor has remained on the MMA medication list because it has been less expensive purchased through the program than the generic equivalents purchased through the carriers. However, she said it may come off the MMA list in the coming year.

Ms. Loiselle reviewed the Good Health Gateway Diabetes Rewards Program report. She said that the enrollments in the program were a bit low but that the compliance levels were good. She said Abacus will do and fund registration promotion activities. She said a flyer will be mailed that will present an incentive for registration. She said over three years the estimated program savings is \$211K. Ms. Loiselle reviewed Abacus's outreach activities. She said that Abacus issued a survey to program participant and said she will present the results soon.

Wellness Committee Report – Marcy Morrison, MNHG Wellness Consultant:

Marcy Morrison said she is surveying employees through the employers to determine their interest in wellness programming. She said she has done eight groups so far. She reviewed the program offerings including an office workout program, Move Across America, health cooking classes, food labeling classes, One Simple change campaign, yoga, weight loss program, Couch-to-5K programs. She said all employees are welcome to join any program regardless of location.

Ms. Morrison said getting the word out about programs is always an issue. She said she may start a Facebook page. She said she will start a series of informational posts and questions on the MNHG website. Ms. Morrison said she is rolling out the “One Simple Change” campaign in January and continues to add monthly wellness updates to the MNHG website.

Donna Madden said that the Wellness Committee wants to target those units that are not engaged. She said money will be distributed to employers that are participating and so it will be a shame if everyone is not involved. She said that there will be a Wellness Committee meeting on March 12 at 9:30 AM in Bolton and all Board members are invited to attend.

Affordable Care Act (ACA) updates:

Cadillac Tax – Carol Cormier reviewed an exhibit of health plan rate projections for MNHG over time, assuming 7% increase per year. She said that starting in 2018 the federal government will assess a tax of 40% on health plans and self-funded employers with premiums that are higher than the thresholds set by the ACA. She said the tax would be on the yearly premium amounts in excess of the thresholds of \$10,200 for an individual plan and \$27,500 on a family plan. Ms. Cormier said the PPO and POS plans are affected. She said adjustments can be made to stay below the thresholds through the rate-setting process and through plan design changes. She noted that the threshold levels may change before 2018. She said she wants to keep this issue on the Group’s radar screen.

Out-of-pocket (OOP) Maximums FY16- Carol Cormier said currently the Harvard Pilgrim (HPHC) and Tufts plans have Out-of-Pocket Maximums on medical only. She said the current levels are \$2,000 per Individual, not to exceed \$4,000 per Family. She said Fallon added pharmacy (Rx) to the OOP max. on January 2014. Ms. Cormier said that the ACA requires an OOP max for pharmacy upon renewal this year. She said the ACA allows OOP maximums for 2015 up to \$6,600 Individual/\$13,200 Family. She said that the medical and Rx may be combined under one OOP max as is the case with Fallon plans or there may be separate OOP maximums for medical and Rx, the combined amounts not to exceed the ACA allowable amounts. She reviewed several options for the HPHC and Tufts EPOs including combined and separate maximums for medical and Rx.

Ms. Cormier said that the PPO and POS plans currently have \$2,000/\$4,000 OOP maximums on medical for In-Network services and \$3,000 for Out-of-Network (OON) services. She said the ACA does not require OOP maximums on OON services and suggested that this be reviewed. She said since the OON deductible and coinsurance count towards the OOP max, a member using OON services would reach the maximum quickly and get the remaining OON care for the year with no cost share. She said that this is not a good incentive.

Ms. Cormier reviewed the GIC OOP maximums for FY16 which she said will be \$5,000 per Individual/not to exceed \$10,000 per family, combined medical and Rx.

Donna Madden said the Steering Committee reviewed the options and are recommending Option 1(a) which, she said, does not exceed the GIC levels. She said there is no change proposed for Fallon plans. She said the recommendation for HPHC and Tufts is for OOP maximums of \$2,000 medical and \$3,000 Rx/Individual, for a total of \$5,000 and \$4,000 medical and \$6,000 Rx/Family for a total of \$10,000.

There was a discussion.

Tony Logalbo asked about the actuarial value of changing the OOP maximums.

Bill Hickey, Harvard Pilgrim, said that the actuarial impact is negligible. He said that a cap on out-of-pocket costs is an added benefit to employees.

Erin Hayes, Tufts Health Plan, agreed with Mr. Hickey.

Carol Cormier said that there is no savings to the plans from the changes in OOP max but there is a negligible added cost. She said that if this were to be bargained under Ch. 32B, S. 21 and 22, there would be no savings and therefore no mitigation plan.

Tony Logalbo said that he wanted documents from HPHC and Tufts stating that there are no savings to the employer group.

Bill Hickey and Erin Hayes agreed to provide the requested documents.

Donna Madden asked Jason Fortin, Fallon Health, to review what transpired pertaining to plan design changes at the recent GIC Commissioners meeting.

Jason Fortin said that the following changes to GIC plans for 7/1/15 are being considered by the Commissioners: (1) change the PPO plans to POS plans, (2) prescription drugs on a 4-tier copay basis instead of 3 tiers, (3) the highest inpatient copay tier, Tier 3, to go from \$750 to \$1500, (4) same day surgery from \$150 to \$250, (5) specialist visit copays from \$25/\$35/\$45 to \$30/\$60/\$90. He said that there will be a Public Hearing on February 4. He said the Commissioners will vote on February 13 at their 12:30 meeting at Government Center.

Tony Logalbo asked that the final FY16 GIC plan design changes be sent to the MNHG as soon as possible.

Tony Logalbo moved to change the OOP maximums on Harvard Pilgrim and Tufts plans on June 1, 2015 to those described in Option 1(a), i.e. \$2,000 medical and \$3,000 Rx/Individual, and \$4,000 medical and \$6,000 Rx/Family.

Motion

Lorraine Leonard seconded the motion. The motion passed by unanimous vote.

FY16 Rate projections for active employee plans:

Chair Donna Madden said that the Steering Committee is recommending Funding Scenario E to the Board. She said the composite increase in funding from this scenario is projected at 7.7%. She said that Fallon rates would increase 2% and the other plan rate increases are 9.7%. Ms. Madden this scenario puts \$2.2 million of the fund balance at risk.

Carol Cormier briefly explained the rate setting process and described the fixed administrative and reinsurance fee estimates and government fees. She said medical trend is low, but prescription drug trend is up due to specialty drugs and fewer brand going to generics. She said that the generic pharmaceutical houses have been bought out by the manufacturers and the generic drug prices have gone up. She noted that the HPHC and Tufts plans are currently underfunded.

Donna Madden said that the Steering Committee is recommending that the MNHG adopt Fallon’s Healthy Health Plan for June 1, 2015, and she said that is what the plan’s FY16 proposed rates are based on.

Jason Fortin said that the Healthy Health Plan is a web-based program for those 18 or older. He said it provides incentives for doing healthy activities. He said there’s a \$50 incentive for completing the online Health Risk Assessment (HRA) and \$150 after completion of recommendations that are provided based on the member’s HRA responses.

Lorraine Leonard moved to approve FY16 Funding Scenario E as presented.

Motion

John Flaherty seconded the motion. The motion passed by unanimous vote.

Health Plan reports:

Tufts Health Plan – Erin Hayes urged the employers to contact the health plan representatives to set up their health fairs.

Marcy Morrison asked that she be contacted about the health fair dates as well.

Fred Winer, Tufts Health Plan Senior Products, reminded the Board that the over-65 year old spouse of early retirees must sign up for Medicare at age 65. He said in another group some employers were not always tracking the spouse.

Bill Hickey, Harvard Pilgrim, said he had nothing new to report.

Other Business:

Donna Madden set the next Board meeting for May 19 at 10 AM, location to be determined.

Lorraine Leonard moved to adjourn the meeting.

Motion

John Flaherty seconded the motion. The motion passed by unanimous vote.

The Chair, Donna Madden, adjourned the meeting at 11:25 AM.

*Prepared by Carol Cormier
Group Benefits Strategies*